

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6689

BILL NUMBER: SB 398

NOTE PREPARED: Dec 29, 2012

BILL AMENDED:

SUBJECT: Delinquent property tax sales.

FIRST AUTHOR: Sen. Eckerty

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill has the following provisions:

Tax Deed: The bill requires, for tax deeds executed for real property sold at a tax sale, that the county auditor submit the tax deed directly to the county recorder for recording and charge the tax sale purchaser the appropriate recording fee.

It also requires, instead of permits, a person buying property at a tax sale to petition for a tax deed within six months after the redemption period ends.

It specifies that to obtain a tax deed, the petitioner must pay the taxes, special assessments, interest, penalties, and fees that accrue after the date of the tax sale.

It specifies that a person who fails to timely file the petition for a tax deed is not entitled to the return of the purchase price or any part of the purchase price. (Current law specifies that the purchaser's lien terminates.)

Tax Sale: The bill requires that the certificate of sale that is issued to a tax sale purchaser must include a statement that taxes, special assessments, interest, penalties, and fees accruing on the property after the date of the tax sale are liens against the property. It adds notice requirements concerning the accruing of these liens on tax sale property after the date of the tax sale.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Tax Sale:* Ensuring that the certificate of sale issued to a tax sale purchaser includes the statement required by this bill concerning taxes should be within the county's existing resources.

Explanation of Local Revenues: *Tax Deed:* This bill clarifies the process that must occur after the period of exemption has expired for property that was purchased at a tax sale. As a result, this would ensure that the county receive any property taxes, interest, fees (including recording fees), and penalties that become due after the tax sale.

Additional Information:

Tax Deed: The current statute implies that the purchaser can choose whether to petition the court or have the auditor petition the court, to issue a tax deed for the parcel in question. If the petition for the tax deed is not filed within six months after the period of redemption has ended, the current statute stipulates that the purchaser's lien against the property terminates. However, in this case, the statute does not specifically address if the purchaser is still liable for taxes and penalties that accrue subsequent to the tax sale, or if the purchaser is eligible to be reimbursed for the expenses the purchaser incurred.

In the case where the purchaser has filed for the petition of the tax deed on time, the statute does not specify that the purchaser is responsible for all taxes and penalties that accrue subsequent to the tax sale.

This bill clarifies these anomalies. Under the bill, the purchaser or the county auditor must file a petition for the tax deed after the period of redemption has expired. Once the auditor has received the tax deed from the court, the auditor has to record the deed and be reimbursed by the purchaser. The purchaser would be liable for any property taxes, special assessments, and penalties subsequent to the tax sale whether or not the purchaser files a petition for the tax deed. The purchaser would not be reimbursed any part of the purchase price of the property if the purchaser missed the filing deadline for the tax deed.

Background Information: Tax sales are conducted to dispose of property with delinquent property tax bills. When an individual purchases a property at a tax sale, the individual does not immediately own the property. The owner has one year in which to redeem the property. After the year of redemption, the lien holder has to conduct a title search to inform the owner that the lien holder will be petitioning the court for the tax deed which will give the lien holder ownership of the property.

State Agencies Affected:

Local Agencies Affected: County Auditors

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.